

Proceeding: INQUIRY CONCERNING THE DEPLOYMENT OF ADVANCED TELECOMMU
CAPABILITY TO ALL AMERICANS IN A REASONABLE AND TIMELY FASHI
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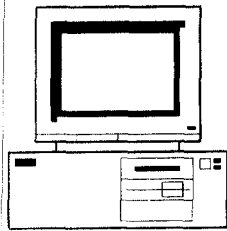
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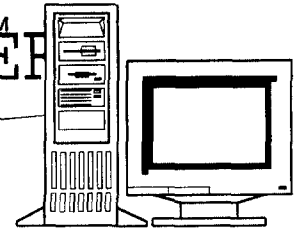
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Dedicated to the speed of being there

Network Consultant

Competitive Local Exchange Carrier

Internet Service Provider

September 14, 1998

Federal Communications Commission
CC Docket 98-146
1919 - M Street, N.W.
Washington, D.C. 20554

Dear Federal Communications Commissioners,

Virtual Hipster appreciates the opportunity to comment on your section 706 NOI FCC 98-187 regarding advanced telecommunications currently before you. Virtual Hipster believes that this will be an area of great importance to the continued prosperity both to the United States and to mankind in general. We are entering the information age and advanced communications will form the foundation for this age. However, as the foundation of the information age, control of these services will be strong leverage to control the services that are provided using this foundation. If there is to be more competition in each geographic region of the future than a single twisted pair provider, a single coax provider, the electric company and a handful of wireless providers, DBS doesn't compete until it carries local channels, then these choke points must be opened to competition. Further, it is not enough just to open everything to competition once and then allow natural monopolies to reform and barriers to entry to raise so high that new competition can never develop. Congress envisioned a future full of competition from BOCs to small businesses and entrepreneurs. The Commission must ensure that current or future incumbents open their networks up to smaller non-incumbent competitors and not shut them out.

Virtual Hipster is a privately financed ISP and CLEC based in rural Fallon, Nevada. Virtual Hipster presently offers Internet access and plans to offer high speed Internet access, video programming, video on demand, voice mail and automated operator and directory services. Fallon's telephone service has been provided for over 100 years by Churchill County Telephone "the only county owned telephone system." Fallon is also home to Naval Air Station Fallon and the US Navy's Top Gun fighter squadron. For much of the past 100 years basic telephone service has been available and reliable but it has not been leading edge. For the past several years Virtual Hipster has been researching advanced telecommunications and have been pressing Churchill County Telephone to deploy advanced services using these technologies. Virtual Hipster recommended DSL to Churchill County Telephone 2 years ago and 1 1/2 years ago Virtual Hipster was the became the first customer of DSL service in Churchill County. Since then Churchill County Telephone has leveraged the knowledge gained by its association with Virtual Hipster and greatly expanded its DSL offerings. Churchill County Telephone is currently

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deploying over 50 SDSL and HDSL loops and is in trial deployment of ADSL and video services. For the past year Virtual Hipster has been certificated by the Nevada Public Utilities Commission as a CLEC and has been attempting to secure the right to resell DSL loops deployed by Churchill County Telephone and the right to collocate its own DSL equipment in Churchill County Telephone's central offices. During this time Virtual Hipster has encountered fierce resistance from Churchill County Telephone to any perceived encroachment onto its turf.

The battle continues ... help CLEC's provide effective competition! We're here, don't abandon us.

In paragraph #15 the Commission requests parties to address whether Congress intended the meaning of "advanced telecommunications capability" to change over time. Congress clearly intended for the meaning of "advanced telecommunications capability" to change over time. Congress was well aware that technology changes dramatically as it advances. Congress realized that the old definitions and regulations would not work in the new competitive age and the need for a new set of rules. Therefore, reflecting this new age, the 1996 Telecommunications Act revised the 1934 Communications Act. In this revision Congress included provisions for "advanced telecommunications capability". However, Congress did not spell out exactly what this term meant. This demonstrates that Congress understood that new technologies were being developed continually and that a flexible framework was needed. This flexible definition will be critical to ensure effective competition in the future as the world transitions from POTS service to advanced services based on DSL.

In paragraph #24 the Commission seeks comment on the effect of mergers and other consolidations on the deployment of advanced telecommunications capability. It makes no sense to go do a huge investment and expended great energy trying to compete in a foreign land when you can just buy out the existing monopoly. If Bell Atlantic/NYNEX/GTE or some other ILEC won't deploy DSL because they have to resell it, cool. Just give me affordable collocation and I'll deploy it. Without the effective competition from CLEC's, DSL deployment by ILEC's will be similar to ISDN deployment. It will be deployed slowly and only to areas where it makes economic sense, not to the rural areas like Fallon, NV where the ILEC is just installing a 5ESS. In Fallon widespread DSL service has preceded ISDN service but only because of threat of competition from CLEC's like Virtual Hipster. In order to ensure that there is effective CLEC competition in the future the Commission must ensure that ILEC's are not able to squeeze CLEC's out of the ability to compete in advanced networks. Further, the Commission must ensure that the barriers to entry are not so high that no new competition is able to develop as this would result in permanent industry consolidation and stagnation.

In paragraphs #27 & #28 the Commission seeks comment on the incentives for ILEC's to enter new markets. Given their track record, absent effective competition, the ILEC have no incentive to get off their fat monopoly profit and implement advanced technology except at their leisurely cost justified pace. Only with effective competition from CLEC's, cable and wireless providers will ILEC's be forced to innovate and upgrade their networks.

In paragraph #29 the Commission seeks comment from CLEC's who lack reasonable access to adequate capital regarding steps the Commission could take to address this concern. Virtual Hipster is privately financed and does not have access to the resources of a \$50 billion merger. Requiring ILEC's to make DSL loops available on an unbundled basis, lease dark fiber, and provide affordable collocation will help make effective competition a reality. Avoid require CLEC's to duplicate effort of ILEC's or other CLEC's when trying to deploy universal service to an area. Allow existing capacity to be leased where that makes more sense. Especially for smaller carriers who need to preserve capital. Wholesale and UNE rates are designed so that ILEC's recover their legitimate costs so they still have an incentive to deploy services. Require Cable TV companies to lease channel space to competitors for video programming, video on demand, Internet access and voice services will give competitors a choice of methods to reach each home. Guarantee CLEC's rights to affordable collocation and UNE's, including advanced DSL, will help to assure that this steady flow of capital is available to CLEC's in the future.

In paragraph #31 the Commission asks for comment on the extent to which the competitive LEC's are deploying advanced telecommunications capability. Virtual Hipster has deployed DSL for its own internal use as an ISP for over 1 1/2 years and has been researching DSL for almost 3 years. The system that Virtual Hipster is using was developed in cooperation with the ILEC. For the past year Virtual Hipster has been pursuing as a CLEC the right to resell these DSL loops whose installation I help inspire, or to be able to collocate my own DSL equipment and connect it together via interoffice transport at reasonable rates. Virtual Hipster has encountered fierce resistance by the ILEC to any perceived encroachment onto its turf. The battle continues ... help CLEC's provide effective competition! We're here, don't abandon us.

In paragraph #38 the Commission seeks comment as to whether ISP can obtain access to DSL loops. DSL services are deployed in an integrated manner. When DSL or cable modem is used there is no longer the need for the customer to have a traditional modem and the customer no longer dials a modem at an ISP. Therefore, an ISP in the traditional sense is no longer required. As customers migrate to advanced services ISP's in the traditional sense will become obsolete. If an ISP wants to offer a service integrating DSL it needs to become a CLEC. It is Virtual Hipster's opinion that ISP's who are not CLEC's will be out of business soon.

In paragraph #73 the Commission asks if there is a point at which a form of advanced telecommunications capability, or an advanced service, should qualify for inclusion in universal service? Schools, libraries and health care providers should be encouraged to use advanced capabilities and services available with new technologies. Advanced technologies should compete fairly with existing technologies and when they present an advantage they should be used. Subsidizing old technology in favor of new technology will tend to skew the technology in use at schools, libraries and health care providers towards the subsidized obsolete end of the spectrum. Therefore, universal service should apply to all forms of technology.

Sincerely,
Shad Nygren
President, Virtual Hipster Corporation